

## Update on Electric Power Industry in Korea

### Highlights in Korea's Energy Policy in 2001

- **Restructure the Energy Industry**
  - Power Sector, Natural Gas Sector
- **Encourage energy** – efficient technologies and renewable energy developments
- **Reform the Energy Price** – Tax Structure
  - Petroleum Products, Electricity tariffs
- **Enhance Energy Security**
  - Oil Stockpiling
  - Application for IEA membership
- **Strengthen Regional Energy Cooperation**
  - Development of Natural Gas in Far Eastern Siberia
  - Economic and Energy Co-operations between the Two Koreas

### Restructuring & Privatization of Power Industry

- **Objectives**
  - Raise general efficiency of the electricity industry by promoting competition
  - Facilitate future investment in power generation facilities
  - Increase consumer benefits
- **Principles**
  - Unbundling of generations, transmission and distribution sector
  - Privatize and introduce competition into the generation and distribution sector (with nuclear generation excluded)
  - Carry out a gradual reform to minimize the impact

### Restructuring Schedule of Power Industry

#### Phase I (2001 →)

#### **Competition in Generation**

- A group of Gencos compete in the Generation Pool
- Privatization of Gencos from 2002
- KEPCO manages the transmission and distribution sectors

***Phase II (2003 →)***

**Wholesale Competition**

- Introduction of competition into distribution sectors unbundled from KEPCO (Competitive tender)
- Transmission system serves as a common carrier

***Phase III (2009 →)***

**Retail Competition**

- Distribution network will be opened and privatized
- Regional supply franchise will be eliminated

*(Source: Ministry of Commerce, Industry and Energy, Korea)*